

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 NEA-10 IO-10 L-03 H-02 PA-01

PRS-01 USIA-06 SP-02 AID-05 EB-07 NSC-05 CIEP-01

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 AGR-05

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P 080304Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 5188

INFO AMEMBASSY JAKARTA PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 MANILA 9263

E.O. 11652: ADS, DECLAS 10/8/75

TAGS: EAID, EFIN, ID

SUBJECT: PROPOSED TECHNICAL ASSISTANCE FOR SOUTH EAST SULAWESI
TRANSMIGRATION AREA DEVELOPMENT PROJECT (INDONESIA)

USADB

FOR NAC AGENCIES

SUMMARY: ADB MANAGEMENT PROPOSES TO ACT AS EXECUTING
AGENCY FOR UNDP-FINANCED TECHNICAL ASSISTANCE (TA) PROJECT
TO ASSIST GOVERNMENT OF INDONESIA IN PREPARING OVERALL
OUTLINE PLAN FOR TEN-YEAR PERIOD FOR DEVELOPMENT OF
PROJECT AREA OF ABOUT 180,000 HA. OF LAND IN SOUTH EAST
SULAWESI PROVINCE (WITH PARTICULAR REFERENCE TO SETTLEMENTS
AND SUPPORTING ACTIVITIES) AND DETAILED PLANS AND FEASIBILITY
STUDY FOR FIRST PHASE OF ABOUT FIVE YEARS FOR DEVELOPMENT
OF EXISTING AND ADDITIONAL SETTLEMENTS. TA PROJECT WILL
ALSO RECOMMEND DETAILED STUDIES AND SURVEYS REQUIRED
FOR DEVELOPMENT, DURING SECOND PHASE, OF OTHER AREAS
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WITH POTENTIAL FOR AGRICULTURAL DEVELOPMENT AND

SETTLEMENT. USADB RECOMMENDS FAVORABLE NAC ACTION.

1. ADB DOC. R60-75 DESCRIBING PROPOSED TA POUCHED ADDRESS-
EES JULY 7. BOARD CONSIDERATION SCHEDULED JULY 29.

2. ADB MANAGEMENT PROPOSING TO ACT AS EXECUTING AGENCY
ON BEHALF OF UNDP-FINANCED TA TO INDONESIA FOR SOUTH
EAST SULAWESI TRANSMIGRATION AREA DEVELOPMENT PROJECT.
TOTAL COST OF PROJECT IS ESTIMATED AT \$580,540,
INCLUDING FOREX COMPONENT OF \$495, 600 TO BE FINANCED
BY UNDP. LOCAL COST ESTIMATED AT \$84,940 EQUIVALENT
TO BE PROVIDED BY GOI. IN ACCORDANCE WITH STANDARD
UNDP PRACTICE, UNDP WOULD PAY BANK 14 PERCENT OF TA
PROJECT BUDGET TO MEET LATTER'S OVERHEAD EXPENSES.

3. SINCE 19TH CENTURY, GOVERNMENT HAS BEEN ENGAGED IN
SETTLING PEOPLE FROM OVER-CROWDED ISLANDS SUCH AS JAVA,
MADURA AND BALI, TO LESS POPULATED ISLANDS SUCH AS
SUMATRA, SULAWESI AND KALIMANTAN. HOWEVER, PROGRAM HAS
FACED DIFFICULTIES SUCH AS INADEQUATE FUNDS, LACK OF
COORDINATION BETWEEN SUPPORTING GOVERNMENT AGENCIES AND
POOR PLANNING. DURING SECOND FIVE-YEAR DEVELOPMENT
PLAN (FY 1974/75-1978/79). GOVERNMENT TARGET IS TO
MOVE 250,000 FAMILIES. WHEREAS PREVIOUS POLICY
TREATED TRANSMIGRATION MAINLY TO RELIEVE POPULATION
PRESSURE, NEW POLICY IS DESIGNED TO INTEGRATE TRANS-
MIGRATION PROGRAMS WITH REGIONAL DEVELOPMENT AND
PROMOTE AGRICULTURAL DEVELOPMENT IN ORDER TO IMPROVE
INCOME AND STANDARD OF LIVING OF SETTLERS.

4. SINCE 1974, GOVERNMENT HAS TAKEN SEVERAL STEPS TO
STRENGTHEN ADMINISTRATION OF DIRECTOR-GENERAL OF TRANSMIGRATION
(DGT), PROVIDE MORE FUNDS AND IMPROVE COORDINATION
BETWEEN SUPPORTING AGENCIES. AT SAME TIME, GOVERNMENT
EFFORTS ARE BEING SUPPLEMENTED BY UNDP'S CURRENT SIX-
YEAR PROJECT ON TRANSMIGRATION IN AREAS OF STAFF
DEVELOPMENT AND PROGRAM PLANNING AND IMPLEMENTATION. IN
ADDITION, IBRD IS APPRAISING POSSIBLE TRANSMIGRATION
LOAN PROJECT IN SUMATRA, AND ASSISTANCE FROM USAID AND
OTHER BILATERAL/MULTILATERAL ORGANIZATIONS IS BEING
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NEGOTIATED TO SUPPLEMENT GOVERNMENT IN TRANSMIGRATION
EFFORTS.

5. SOUTH EAST SULAWESI IS ONE OF LEAST DEVELOPED
PROVINCES IN COUNTRY, WITH ONLY 4 PERCENT OF AREA UNDER
CULTIVATION. IT HAS CONSIDERABLE UNTAPPED LAND AND
WATER RESOURCES AND OTHER FACTORS FAVORING LARGE SCALE
SETTLEMENT AND AGRICULTURAL DEVELOPMENT, WHICH REQUIRE

PROVISION OF ROADS, IRRIGATION, SUPPORTING SERVICES
AND INSTITUTIONS FOR FULL DEVELOPMENT OF SETTLEMENTS.
EMPHASIS IS BEING PLACED ON IMPLEMENTING TRANSMIGRATION
PROGRAM MAINLY AS MEANS OF DEVELOPING PROVINCE. MAIN
EFFORT OF GOVERNMENT IN DEVELOPMENT OF SETTLEMENTS WILL
AIM AT PROMOTING AGRICULTURE, INCLUDING IRRIGATED AND
UPLAND CROPS, ANIMAL HUSBANDRY AND FISHERIES. PROGRAM
INVOLVES PROVISION OF ROADS AND IRRIGATION, STRENGTHEN-
ING OF EXTENSION SERVICES, CREDIT AND MARKETING SERVICES,
PILOT AND SEED FARMS, EXPERIMENTAL STATIONS, BREEDING
CENTERS, DEVELOPING FARMERS' ORGANIZATIONS, HEALTH AND
EDUCATION FACILITIES, ETC., ON INTEGRATED AREA DEVELOP-
MENT BASIS. FACILITIES AND SERVICES TO BE PROVIDED ON
LOW COST BASIS AND AT MINIMUM LEVELS TO ACHIEVE IMMEDIATE
BENEFITS.

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6. PROPOSED TA WOULD ASSIST GOVERNMENT IN PREPARATION
OF OVERALL OUTLINE PLAN COVERING TEN-YEAR PERIOD FOR
FULL DEVELOPMENT OF PROJECT AREA AND DETAILS AND
FEASIBILITY STUDY FOR DEVELOPMENT, TOGETHER WITH
SUPPORTING ACTIVITIES, OF EXISTING SETTLEMENTS AS WELL

AS OF NEW PRIORITY SETTLEMENTS (ABOUT 18,000 SETTLER FAMILIES IN ALL). SERVICES ARE REQUIRED OF EXPATRIATE FIRM OF CONSULTANTS WELL EXPERIENCED IN INTEGRATED AREA DEVELOPMENT, LAND DEVELOPMENT AND SETTLEMENT. SERVICES OF NINE EXPERTS ARE ESTIMATED TO BE REQUIRED FOR TOTAL

OF 50 MAN-MONTHS INCLUDING DEVELOPMENT PLANNER (PROJECT MANAGER), AGRICULTURAL ECONOMIST/INSTITUTIONS EXPERT, EXPERT IN SOILS/LAND USE/LAND CAPABILITY CLASSIFICATION, AGRONOMIST/PRODUCTION EXPERT, FARM MANAGEMENT/EXTENSION EXPERT, IRRIGATION ENGINEER, ROAD ENGINEER, HYDROLOGIST AND PHYSICAL PLANNER. (ALTERNATE TECHNICAL EXPERTS IN OTHER RELEVANT FIELDS COULD BE PROVIDED.) CONSULTANTS ARE EXPECTED TO COMPLETE FINAL REPORT IN NINE MONTHS.

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7. DGT OF DEPARTMENT OF MANPOWER WILL BE GOVERNMENT COOPERATING AGENCY; WILL ASSIGN FULL-TIME SENIOR STAFF MEMBER AS COUNTERPART PROJECT DIRECTOR. ALTHOUGH PROJECT MANAGER OF UNDP PROJECT ON TRANSMIGRATION ATTACHED TO OFFICE OF DGT HAS ASSURED PROVISION OF ALL AVAILABLE DATA AND ADVISORY ASSISTANCE, THIS OFFICE WILL NOT EXERCISE ANY SUPERVISION OVER CONSULTANTS WHO WILL BE UNDER SOLE DIRECTION AND SUPERVISION OF BANK.

8. COST OF IMPLEMENTING PROPOSED PROJECT IS VERY TENTATIVELY ESTIMATED AT ABOUT \$30 MILLION, INCLUDING FOREX COMPONENT OF ABOUT \$12 MILLION. IF TECHNICAL FEASIBILITY AND ECONOMIC VIABILITY ARE ESTABLISHED, GOVERNMENT EXPECTS BANK OF FINANCE PROJECT, ALTHOUGH BANK IS NOT COMMITTED TO ANY FOLLOW-UP ACTION AT THIS TIME.

9. DEVELOPMENT OF AREA WOULD CONTRIBUTE SIGNIFICANTLY TO GOVERNMENT'S TRANSMIGRATION EFFORTS. IT WOULD HELP PROVINCE TO MEET ITS FOOD DEFICIT; REDUCE INDONESIA'S DEPENDENCE ON FOOD IMPORTS; INCREASE FARM FAMILY INCOME; AND IMPROVE SOCIO-ECONOMIC CONDITIONS OF PROJECT AREA AND OF SOUTH EAST SULAWESI IN GENERAL. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

10. REQUEST JAKARTA'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DATED 3 JULY 1972.
PURNELL

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